Agriculture and Agri-Food Canada

2015–16

Departmental Performance Report

The Honourable Lawrence MacAulay, P.C., M.P.,
Minister of Agriculture and Agri-Food

2015–16 Departmental Performance Report

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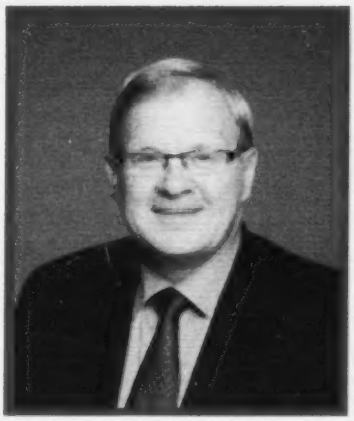


Canada's agriculture and agri-food sector is strong and growing. It provides one in eight Canadian jobs and is the single largest employer of all Canadian manufacturing sectors. Canada is the world's fifth-largest exporter of agriculture and food products and our exports continue to hit new records every year.

Since taking office in November 2015, the Government of Canada has been working together with other governments and industry to support the agricultural sector in a way that allows it to be a leader in job creation and innovation.

My mandate focusses on a number of key priorities for Canada's agricultural sector. These include science, trade, food processing, grain transportation, the next agricultural policy framework, and environmental sustainability.

Innovation is critical to ensuring the sector can continue to take advantage of global market opportunities and give the industry a competitive advantage. In *Budget 2016*, the Government announced key investments in innovation and science infrastructure that will help farmers continue to grow their businesses and feed the world.

To promote trade, we have reopened our beef exports to key markets like Korea and Mexico, while levelling the playing field with the United States through the repeal of the United States Country-of-Origin Labeling requirement. I delivered Canada's message on the importance of science and rules-based trade to the global trading community, including at G7, G20 and Organisation for Economic Co-operation and Development conferences. And provisions for rail in the *Canada Transportation Act* were extended by a year to give the industry stability while we work towards a transportation system that's built for the future.

Action on the environment is key to helping the sector meet the growing global demand for food sustainably. We renewed programming to help farmers practice climate-smart agriculture through an investment of $27 million in the Agricultural Greenhouse Gases Program, while investing in green jobs on the farm. Our scientists are developing new tools to help farmers protect their crops and the environment, such as environmentally-friendly pest management and disease-resistant crops. Looking ahead, environment will be a priority in the next agricultural policy framework.

Working with the provinces and territories, we continue to deliver results in innovation, competitiveness and market development through our shared investments under *Growing Forward 2*.

Promising opportunities lie ahead for Canada's agriculture and food industry, with growing demand for agricultural products. To help Canadian farmers and food processors stay ahead of the curve, we are engaging with industry, provincial and territorial governments and all Canadians, to develop the next agricultural policy framework. Extensive consultations have been launched, in keeping with the Government's commitment to openness and transparency with Canadians.

Canada has the best farmers and food processors in the world, and a dedicated public service. As Canada's Minister of Agriculture and Agri-Food, I am proud to serve this dynamic sector, and am committed to delivering results for the sector and all Canadians.

I look forward to working with the Agriculture portfolio and stakeholders to help Canada's farmers and food processors continue to compete and innovate, while driving economic growth, jobs and prosperity across Canada. Together, we will make Canada's agricultural sector safer, stronger, and more innovative.

Honourable Lawrence MacAulay, P.C., M.P.,
Minister of Agriculture and Agri-Food

Results Highlights

What funds were used?

$1,928,409,592
Actual Spending

Who was involved?

4,513
Actual Full-Time Equivalents

Results Highlights

Agriculture and Agri-Food Canada's goal is to position agriculture, agri-food and agri-based product industries to realize their full potential by seizing new opportunities in the domestic and global marketplace. The Department provides leadership in the growth and development of a competitive, innovative and sustainable Canadian agriculture and agri-food sector. Highlights in 2015–16 include:

- Agriculture and Agri-Food Canada is supporting the Government's strong Innovation Agenda, to ensure Canada's agriculture sector remains strong, competitive and sustainable. These include investments in discovery science, genomics, facility modernization, industry-led research clusters and commercialization. For example, a $35.3 million investment is supporting infrastructure improvements at the Swift Current Research and Development Centre. The Centre is being renovated and new laboratories are being built, which are used extensively to support the Department's wheat breeding program and other research on pulses, forages and cereals. Science and innovation play an important role in making Canada one of the world's top producers and exporters of agricultural products.

- Agriculture and Agri-Food Canada contributed to the completion of the legal review of the Comprehensive Economic and Trade Agreement with the European Union, representing 28 member states and a population of approximately 500 million and agri-food and seafood exports of approximately $3.42 billion in 2015. The Department also contributed to the conclusion of negotiations towards the Trans-Pacific Partnership Agreement, representing agri-food and seafood exports of approximately $40.1 billion in 2015. The Government of Canada committed to a robust, open and transparent consultative process with Canadians to ensure a full debate on the impact of Canada's potential participation in the Trans-Pacific Partnership.

- Agriculture and Agri-Food Canada, in collaboration with Global Affairs Canada and affected Canadian industries, was successful in having the United States repeal its Country-of-Origin Labeling requirements for beef and pork, which is estimated to have caused damages to the Canadian cattle and hog industry of $3.1 billion annually.

- In preparation for the next agricultural policy framework, the Department had a series of 13 annual planning meetings with provincial and territorial governments between December 2015 and February 2016. These meetings focused on understanding experiences with the current *Growing Forward 2* framework and sought perspectives on priorities and future policy and program. In addition, a Business Risk Management Mid-term Review was undertaken to monitor changes made under *Growing Forward 2* and to inform the development of the next agricultural policy framework. A broad engagement plan was developed featuring extensive in-person and online stakeholder consultations, Ministerial involvement and outreach to new audiences including youth and Indigenous peoples.

- The Department worked with Transport Canada to examine the grain handling and transportation system in the context of the Government's response to the *Canada Transportation Act* Review Report and the development of a future agenda for transportation in Canada, including investments in infrastructure.

- Programming was renewed to help farmers practice climate-smart agriculture through an investment of $27 million in the Agricultural Greenhouse Gases Program (2016-2021) which supports research into greenhouse gas mitigation practices and technologies that can be adopted on the farm, while investing in green jobs on the farm. Agriculture and Agri-Food Canada provided funding and scientific expertise to the Canadian Cattlemen's Association to coordinate the beef Agri-Science Cluster that conducts research in key areas: improving beef quality and food safety; animal health and welfare (including detection and prevention of animal disease); feed production and efficiency; as well as environmental sustainability.

- The Department expanded its client feedback tools and encouraged clients to share their ideas for improving the quality of their interactions and program delivery of the Department. The feedback focused on service improvement areas and as a result, the Department developed targeted program communications and expanded online service offerings for Business Risk Management program suite clients; introduced initiatives including increased opportunities for non-Business Risk Management clients to apply online for program funding; and continued to explore business process enhancements.

Section I: Organizational Overview

Organizational Profile

Appropriate Minister: The Honourable Lawrence MacAulay

Institutional Head: Andrea Lyon, Deputy Minister

Ministerial Portfolio: Agriculture and Agri-Food Canada

Enabling Instrument(s): *Department of Agriculture and Agri-Food Act* (R.S.C. 1985, c. A-9)[i]

Year of Incorporation / Commencement: 1994

Organizational Context

Raison d'être

The Department of Agriculture and Agri-Food was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the Department helps create the conditions for the long-term profitability, sustainability and adaptability of the Canadian agricultural sector. Agriculture and Agri-Food Canada supports the sector through initiatives that promote innovation and competitiveness, and that proactively manage risk. The Department's goal is to position agriculture, agri-food and agri-based product industries to realize their full potential by seizing new opportunities in the growing domestic and global marketplace.

Our Vision
To drive innovation and ingenuity to build a world-leading agricultural and food economy for the benefit of all Canadians.

Our Mission
To provide leadership in the growth and development of a competitive, innovative and sustainable Canadian agriculture and agri-food sector.

Responsibilities

The Department supports the sector from the farmer to the consumer, from the farm to global markets, through all phases of producing, processing and marketing of farm, food and agri-based products. Agriculture is a shared jurisdiction in Canada, and the Department works closely with provincial and territorial governments in the development and delivery of policies, programs and services.

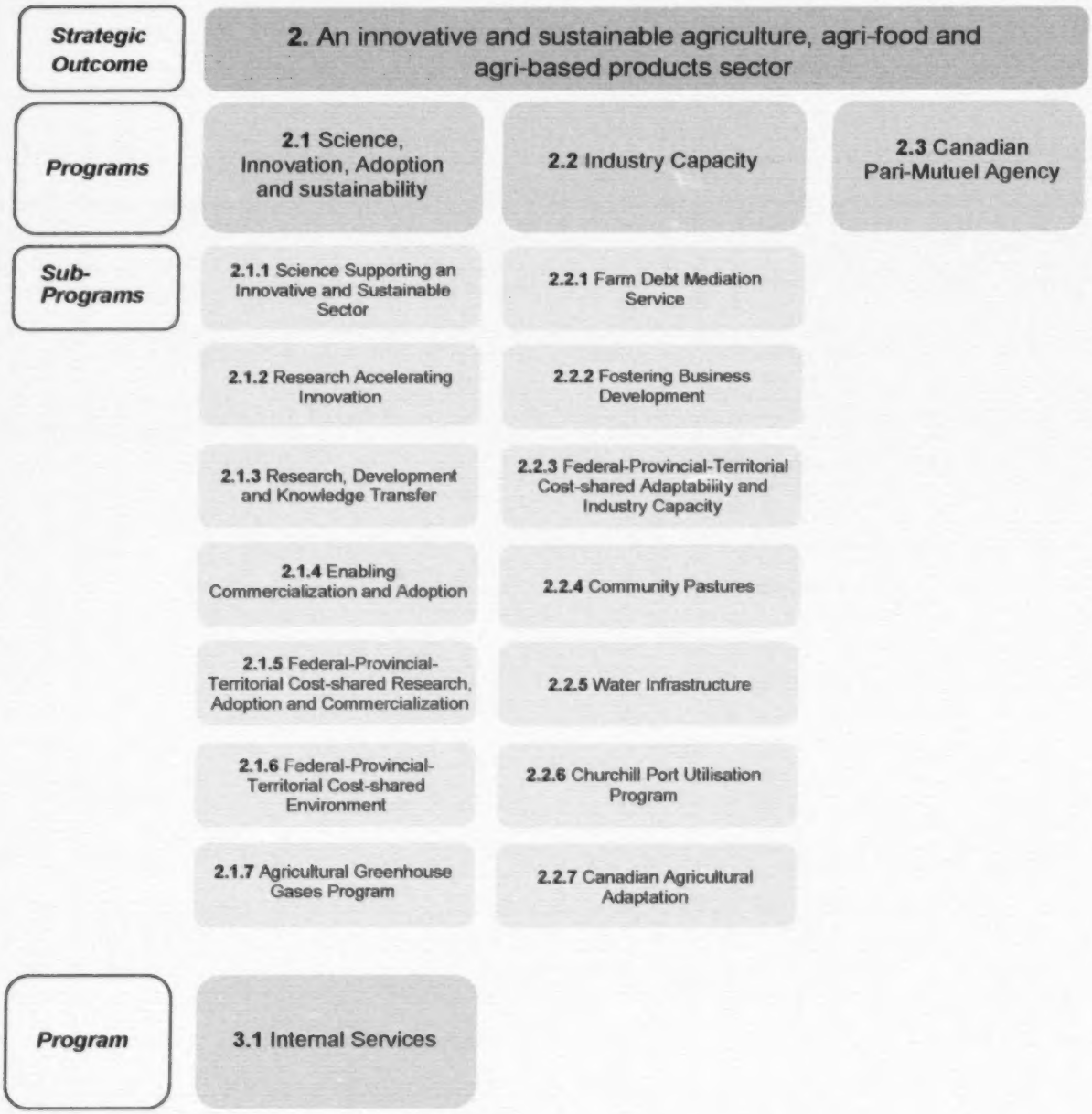
Agriculture and Agri-Food Canada's mandate is based upon the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts[ii] such as the *Canadian Agricultural Loans Act*[iii].

The Department is responsible for ensuring collaboration with its portfolio partners and agencies[iv] which are also involved in regulating and supporting Canadian agriculture, including the Farm Products Council of Canada[v]. The Department also includes the Canadian Pari-Mutuel Agency[vi], a special operating agency that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada. Descriptions of the portfolio partners and agencies, including their relationship to Agriculture and Agri-Food Canada, can be found in Section III of this report.

While the Canadian Food Inspection Agency reports to the Minister of Health, the Minister of Agriculture and Agri-Food is responsible for the Canadian Food Inspection Agency's non-food safety activities, including economic and trade issues, consumer protection, as well as animal health and plant protection work.

Strategic Outcomes and Program Alignment Architecture

Strategic Outcome	**1.** A competitive and market-oriented agriculture, agri-food and agri-based products sector that proactively manages risk		
Programs	**1.1** Business Risk Management	**1.2** Market Access, Negotiations, Sector Competitiveness and Assurance Systems	**1.3** Farm Products Council of Canada
Sub-Programs	**1.1.1** AgriStability	**1.2.1** Trade and Market Expansion	
	1.1.2 AgriInvest	**1.2.2** Sector Engagement and Development	
	1.1.3 AgriRecovery	**1.2.3** Market Development	
	1.1.4 AgriInsurance	**1.2.4** Assurance Systems	
	1.1.5 AgriRisk Initiatives	**1.2.5** Federal-Provincial-Territorial Cost-shared Market Development and Competitiveness	
	1.1.6 *Agricultural Marketing Programs Act*	**1.2.6** Pest Management: Pesticides Minor Use Program	
	1.1.7 *Canadian Agricultural Loans Act*	**1.2.7** Pest Management: Pesticides Risk Reduction Program	
		1.2.8 Canadian Wheat Board Transition Costs Program	


Strategic Outcome
2. An innovative and sustainable agriculture, agri-food and agri-based products sector
Programs
2.1 Science, Innovation, Adoption and sustainability
2.2 Industry Capacity
2.3 Canadian Pari-Mutuel Agency
Sub-Programs
2.1.1 Science Supporting an Innovative and Sustainable Sector
2.2.1 Farm Debt Mediation Service
2.1.2 Research Accelerating Innovation
2.2.2 Fostering Business Development
2.1.3 Research, Development and Knowledge Transfer
2.2.3 Federal-Provincial-Territorial Cost-shared Adaptability and Industry Capacity
2.1.4 Enabling Commercialization and Adoption
2.2.4 Community Pastures
2.1.5 Federal-Provincial-Territorial Cost-shared Research, Adoption and Commercialization
2.2.5 Water Infrastructure
2.1.6 Federal-Provincial-Territorial Cost-shared Environment
2.2.6 Churchill Port Utilisation Program
2.1.7 Agricultural Greenhouse Gases Program
2.2.7 Canadian Agricultural Adaptation
Program
3.1 Internal Services

Operating Environment and Risk Analysis

Risk Narrative

Agriculture and Agri-Food Canada continues to apply a comprehensive approach to actively identify, assess, and respond to risks and opportunities at the strategic, operational, program, and project levels. This includes continuously monitoring the operating environment through environmental scanning and identifying both external and internal factors that can influence the agriculture and agri-food sector and impact the achievement of the Department's objectives.

Many of the risks that can impact the economic performance of the agriculture and agri-food sector are caused by external factors that producers or firms have little to no ability to influence. Risk factors that broadly impact primary agriculture include global agricultural markets; barriers to market access; availability of transportation infrastructure; volatility in macroeconomic conditions, including exchange rates; cost of inputs; diseases; pests; and extreme weather. The food-processing industry is also a key component of the agriculture and agri-food system with risk factors including the maintenance of processing capacity in Canada and impediments to innovation adoption, and market access.

Global macroeconomic conditions impact the sector on both the demand and the supply side. Although China, Russia and Brazil have grown rapidly in the past, their growth is less certain in the near term. For Canadian producers, the depreciation of the Canadian dollar supported farm cash receipts in 2015. For many agricultural producers, the decline in the crude oil price has contributed additional benefits through lower fuel costs. Fuel and fertilizer together accounted for 16% of total Canadian net farm operating expenses, or $7.3 billion in 2015.

Canada is a major exporter of many agricultural commodities and most of our prices are determined in the global marketplace. Production in other countries, in particular the United States, can have a significant impact on world prices and, consequently, influences prices Canadian producers receive. Agricultural crop prices declined significantly from the peaks induced by the 2012 drought in the United States as relatively large crops in recent years put downward pressure on global prices. The incidence of Porcine Epidemic Diarrhea Virus diminished and pigs per litter rebounded, leading to a significant decline in hog prices in 2015.

Because of the export-oriented nature of the sector, barriers to market access can cause significant disruptions. For example, China and Russia have bans in place for pork produced with *ractopamine*, a feed additive commonly used in Canada and authorized by the Codex Alimentarius Commission.

In 2015, grain transportation from country elevators to domestic and export customers was less of a concern for Western Canadian crop producers. Grain deliveries in 2015–16 were slightly above the previous crop year. Terminal elevator capacity in 2015–16, however, has been sufficient to handle current deliveries.

Weather risks have varied impacts on primary agriculture, with regional variations leading to unexpected impacts. For example, seeding was ahead of schedule in 2015 due to favourable conditions, but late frosts required re-seeding in some parts of the Prairies.

The food and beverage processing industry is a significant driver of the Canadian economy. In terms of total manufacturing employment, it is currently the largest manufacturing sector and accounts for 16% of manufacturing gross domestic product. This industry has been relatively stable, even during slower periods of economic growth in the overall economy, contrasting with other manufacturing sectors that have experienced more volatility. Its key internal risk drivers are productivity growth and lack of sufficient and skilled labour. Many aging food processing plants have trouble making the necessary investments to improve productivity and expand production.

Research, development, and innovation are part of Agriculture and Agri-Food Canada's strategic outcomes and, by supporting them, the Department is helping Canadian farmers take advantage of existing and future opportunities and to address the challenges facing the sector. It is also striving to ensure that the right sector incentives and regulatory environment exist for easier adoption of new technologies to improve productivity and foster greater market access. Public funding (federal and provincial) of research in support of Canada's agriculture and agri-food sector is expected to increase by more than 7% in 2015–16 to $649 million after a 5% decline in 2014–15 to $606 million. The Department also emphasized innovation and allocated a significant proportion of its strategic investments towards innovation in its policy framework, *Growing Forward 2*[vii].

Accompanied by external influences, Agriculture and Agri-Food Canada is also affected by internal influences which may impede or enhance its ability to achieve its objectives. At the corporate level, these internal influences include risks related to infrastructure, human resources and information systems.

Departmental infrastructure investments focused on meeting safety, security, operational, and regulatory compliance for existing major capital assets-and essential information management needs. As infrastructure ages, the need for maintenance and repair increases, which competes with the ability to make new investments and infrastructure improvements. To mitigate this risk, the Department made prioritized investments into the maintenance of operational capacity at all key facilities through the Departmental Investment Plan, as well as allocation of funding for facility upgrades and expansion both from the Department's reference levels and additional funding sought from the Federal Infrastructure I, 2014 and Federal Infrastructure II, 2016 programs.

The Department's workforce continues to adapt to new ways of doing business, and administrative requirements and processes, as a part of Government-wide transformation. Effective communications, tools and targeted training supported employees and managers through these transformations and helped mitigate change management challenges. Agriculture and Agri-Food Canada's active leadership in the development of enterprise initiatives

contributed to the Department's readiness and ensured that the Department's interests were addressed.

A responsive information management and information technology environment supports and contributes to the achievement of organizational priorities in various ways. For security of information, Agriculture and Agri-Food Canada is widely dependent on security in order to maintain availability of business applications and prevent theft of sensitive information. Furthermore, the increasing complexity of the information management and technology environment may impact the Department's ability to deliver on its mandate. To mitigate these risks, work continued on managing and securing the Department's electronic information, as well as delivering modernized technology solutions to address the business sectors' requirements.

The Department continued to implement its response plans to minimize its identified risks and to capitalize on its identified opportunities. The following table provides information on the external corporate risks and opportunity which are driven by factors outside the Department's control and includes the associated response strategies and link to programs.

Key Risks and Opportunity

Risk and Opportunity	Response Strategy	Link to the Organization's Programs
Catastrophic Crisis Risk Agriculture and Agri-Food Canada's capacity to prepare for and respond to catastrophic crises affecting the industry, including those related to natural and accidental hazards (for example, animal health and weather) may have consequences for the agriculture, agri-based and agri-food sector and/or for Canadians.	Agriculture and Agri-Food Canada continued to work to enhance its preparedness for emergencies. Work also continued on a federal-provincial-territorial Emergency Management Framework to establish a strategic approach to prevention, preparedness, response and recovery for risks to the sector. Implementation of the Framework will follow to ensure that the desired outcomes, which include collaboration and proactively addressing risks and emergencies, are realized for the benefit of the agriculture sector. Additionally, the Department is leading the development of the Livestock Market Interruption Strategy with federal-provincial-territorial and portfolio partners, as well as the livestock industry, to better enable governments and industry to manage the impacts of a large-scale market interruption.	All Programs
Information Management and Technology Risk The increasing complexity of the information management and	Agriculture and Agri-Food Canada moved to lessen the complexity in the management of information and technology through shared initiatives, such as the	All Programs

technology environments may impact Agriculture and Agri-Food Canada's ability to deliver on its mandate and maintain its security posture.	Genomics Research and Development Initiative, which provides infrastructure for a shared computing and collaboration environment for multiple science-based Government departments. As well, the Department continued to advance its security stance through increased protection of information stored on portable devices and formal security authorization for applications. Finally, the management of the Department's electronic business value information continued to mature through improved record keeping practices and modernized technologies, for example, upgrades to an internal collaboration solution and working with 22 other departments on its integration with the Government of Canada electronic document management solution (a software that manages the creation, storage and control of documents electronically).	
Infrastructure Risk Increasing maintenance and rehabilitation costs may affect the Department's ability to maintain its infrastructure and assets at an adequate level, and limit the capacity to invest in support of emerging priorities.	Agriculture and Agri-Food Canada continued to make investments to maintain operational capacity at all key facilities through the Departmental Investment Plan. Federal infrastructure funding has been directed at laboratory upgrades, greenhouse expansion, maintenance and equipment, and dam rehabilitation. *Budget 2016* provided additional investment for science infrastructure modernization.	All Programs
Trade Opportunity Strengthen and enhance trade relationships (that is, bilateral and multilateral) and work with partners to assist industry in capitalizing on trade opportunities.	Agriculture and Agri-Food Canada continued to make progress in capitalizing on this opportunity. In recent years, the Department's trade negotiations agenda has encompassed the World Trade Organization and a variety of bilateral and regional trade agreements. As part of these activities, negotiations were concluded on the Comprehensive Economic and Trade Agreement with the European Union, and the Trans-Pacific Partnership trade agreement. In February 2016, Canada signed the Trans-Pacific Partnership, and committed to a robust, open and transparent consultative process with Canadians. Agriculture and Agri-Food Canada has actively sought to increase predictability for importers and exporters,	Program 1.1 Business Risk Management Program 1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems

	and minimize the potential for trade disruptions due to non-tariff (technical) barriers to trade. Actions included working with industry to address issues such as maximum residue limits, low-level presence and with international standard setting bodies on issues related to sanitary and phytosanitary measures. The Department has also ensured the effective and consistent application of the World Trade Organization Agreements (for example, United States Country-of-Origin Labeling requirements) to regain export opportunities for Canadian agriculture.	

Organizational Priorities

Priority

Support and improve the competitiveness and adaptability of the agriculture, agri-food and agri-based products sector

Description

Increasing sector competitiveness, both internationally and domestically, improves the resiliency of the sector and its ability to adapt and respond to opportunities and challenges.

Priority Type

Ongoing (as defined by Treasury Board of Canada Secretariat, committed to at least three fiscal years prior to the subject year of the report)

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Advance and drive a science- and risk-based regulatory environment to support domestic and global competitiveness	April 2015	Ongoing	On track Work with regulatory partners is ongoing	Sub-Program 1.2.2: Sector Engagement and Development Sub-Program 1.2.6: Pest Management: Pesticides Minor Use Program Sub-Program 2.2.2: Fostering Business Development Sub-Program 3.1.1 Management and Oversight Services

Continue to reform and support the modernization of the grain sector and improve the performance of its supply chain	December 2011 (*Royal Assent of Marketing Freedom for Grain Farmers Act*)	July 30, 2015 (Canadian Wheat Board commercialization)	Completed	Sub-Program 1.2.8 Canadian Wheat Board Transition Costs Program
Support the Government's review of the Canadian grain transportation system in the context of responding to the *Canada Transportation Act* Review Report, as well as support for Government investments in transportation infrastructure to improve efficiency and increase system capacity	December 2015	Ongoing	On track Working with Transport Canada to analyze grain recommendations in the *Canada Transportation Act* Review Report	Program 1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems
Continue to deliver the Grain Monitoring Program with Transport Canada	April 2013	Extended until July 31, 2017	On track	Program 1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems
Assess mid-term progress towards identified *Growing Forward 2* program outcomes to inform the development of the successor policy framework	March 2015	March 2017	On track	Program 1.1 Business Risk Management Program 1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems Program 2.1 Science, Innovation, Adoption and Sustainability Program 2.2 Industry Capacity 3.1 Internal Services
Work with federal-provincial-territorial partners and the sector to investigate options to improve competitiveness of the food processing industry	April 2014	Ongoing	On track	Sub-Program 1.2.2 Sector Engagement and Development

Progress Toward the Priority

The Department continuously works to support the competitiveness of the agriculture, agri-food and agri-based products sector. Improving sector competitiveness includes helping the sector adapt to changes, consumer preferences and market conditions, both domestically and internationally, and to position the sector to maximize future opportunities. The activities support the Minister's mandate to support the food processing sector and to help producers get their products to market.

During 2015–16, Agriculture and Agri-Food Canada made progress on this priority by:

- Ongoing progress on initiatives contained in the Department's Regulatory Reform Action Plan, including: support to the Canada-United States Regulatory Cooperation Council to ensure that work plans reflect industry priorities; implementation of elements of Red Tape Reduction Action Plan; support to the All Chairs' Regulatory Sub-Committee in assessing cross-cutting regulatory issues affecting the competitiveness of the food industry; engage and collaborate with stakeholders to ensure that regulatory changes consider the economic impacts on industry and respond to sector priorities; and support to the Canadian Food Inspection Agency and portfolio partners[iv] for regulatory modernization initiatives that benefit the sector.

- The Department works closely with Health Canada and the Canadian Food Inspection Agency to support the development of Canadian positions at the International Standard Setting Bodies (Codex Alimentarius Commission, International Plant Protection Convention, and the World Organization for Animal Health), to ensure market access and industry priorities are reflected in the development of international standards.

- The Department continued to advocate for science- and risk-based regulatory processes internationally on issues such as Maximum Residue Limits for pesticides and Low-Level Presence of Genetically Modified Crops.

- Through the Department's Pest Management Centre's partnership with Health Canada's Pest Management Regulatory Agency, and work with growers, grower groups, provincial officials, pesticide companies, and counterparts in the United States, the country's priority pest problems were identified along with their potential pesticide control solutions. The Pest Management Centre's Minor Use Pesticides Program[viii] generated the required data to support 70 submission packages for regulatory decision.

- The Department and Health Canada's Pest Management Regulatory Agency also worked through a joint program with the United States to simplify and harmonize data requirements that, with support from the provinces, resulted in more than 700 new minor uses of pesticides[ix] were made available to Canadian growers this year. These new minor uses of pesticides will reduce grower yield losses due to pests, diseases and weeds – thus protecting grower investments in the field; help prevent trade barriers with countries where target pesticides are already registered; and level the playing field for Canadian farmers with their United States counterparts.

- The Department worked with Transport Canada to examine the grain handling and transportation system in the context of the Government's response to the *Canada Transportation Act* Review Report[x] and the development of a future agenda for transportation in Canada, including investments in infrastructure.

- The Department continued collaborative work with Transport Canada to deliver the Government's Grain Monitoring Program. The contract with the existing contractor was extended until July 31, 2017, to ensure continuity of the Program while the Government considers its response to the *Canada*

Transportation Act Review Report.

- Analysis undertaken as part of the Business Risk Management Mid-term Review will inform Business Risk Management policy directions for the next agricultural policy framework.
- The federal-provincial-territorial Food Processing Industry Development Forum analyzed key issues affecting the competitiveness of the sector, including the level and types of strategic government investments that would support the growth and innovation capacity of the food processing industry in Canada through greater collaboration between industry, academia and government, as well as greater coordination among federal-provincial-territorial governments. Work has begun on developing recommendations to inform discussions on the parameters of an Agri-Food Value-Added Investment Fund, as well as potential programming under the next agricultural policy framework that could contribute to the competitiveness of the food processing industry.

Priority
Maintain and improve access to key international markets

Description
Increasing global demand for Canadian agricultural, agri-food and agri-based products generates positive returns to the Canadian economy in the form of increased profitability, investment and employment in the industry.

Priority Type
Ongoing (as defined by Treasury Board of Canada Secretariat, committed to at least three fiscal years prior to the subject year of the report)

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Advance the Government of Canada's agriculture trade and market access agenda	Ongoing	Ongoing	On track	Sub-Program 1.2.1 Trade and Market Expansion
Enable the sector to take advantage of opportunities from recent trade agreements	April 2014	Ongoing	On track	Sub-Program 1.2.1 Trade and Market Expansion Sub-Program 1.2.2 Sector Engagement and Development
Ensure a coherent and co-ordinated approach to the Department's international strategy including through the development and implementation of individual country strategies	April 2014	Ongoing	On track	Sub-Program 1.2.1 Trade and Market Expansion

Progress Toward the Priority

The Department continuously works to maintain and improve access to international markets. In 2015-16, Canada's agricultural trade agenda has been advanced through:

- The conclusion, signing and public release of the Trans-Pacific Partnership Agreement where Canada committed to a robust, open and transparent consultative process with Canadians to ensure a full debate on the impact of Canada's potential participation in the Trans-Pacific Partnership;
- The completion of the legal review of the Comprehensive Economic and Trade Agreement with the European Union;
- The conclusion of the negotiations of the modernized Canada-Chile Free Trade Agreement in April 2015, and of the modernized Canada-Israel and the Canada-Ukraine Free Trade Agreements in July 2015;
- The conclusion of Canada's multi-year World Trade Organization trade challenge and extensive advocacy campaign which led to the United States repealing its Country-of-Origin Labeling requirements for beef and pork on December 18, 2015; and
- The organization and co-chairing of the Fourth Global Low-Level Presence Initiative and the Food and Agriculture Organization international symposium on "The Role of Agricultural Biotechnologies in Sustainable Food Systems and Nutrition", in February 2016.

The Department enables the sector to take advantage of opportunities created as a result of new free trade agreements by communicating the outcomes of these agreements to stakeholders and by releasing information about market trends and opportunities. Agricultural Trade Commissioners based abroad also offer services to support exporters in successfully accessing new markets.

Canadian exporters continue to face challenges due to non-tariff barriers that impede access to international markets. At any given time, there are over 300 active market access issues monitored by the Department. In 2015, the Department improved market access for Canadian exporters by resolving approximately 50 market access issues in 24 countries, including: access to the Chinese market for fresh blueberries estimated to be worth $65 million annually; maintaining access to Indonesia for Canadian wheat, soybeans and other plant products, worth $600 million, and; expanded access for live aquatic animal species to Vietnam, a market worth $15 million.

Agriculture and Agri-Food Canada has adopted a coherent and coordinated approach to support its international trade agenda, which includes country-strategies for priority markets such as the United States, the European Union, China, Japan, Mexico, and India. These country-specific strategies are developed in collaboration with provincial and territorial governments, and key stakeholders, and build on market access intelligence and market development opportunities. They allow the development of concerted approaches involving all players in the international trade continuum. For example, The Country-of-Origin Labeling advocacy campaign was developed as part of the United States country strategy.

Priority
Generate new knowledge, foster innovation and increase adoption and commercialization of agricultural, agri-food and agri-based products, processes or practices

Description
Innovation, enabled through knowledge creation and transfer, enhances economic growth and sustainability of the sector.

Priority Type
Ongoing (as defined by Treasury Board of Canada Secretariat, committed to at least three fiscal years prior to the subject year of the report)

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Implement the Science and Technology Strategic Direction to guide Agriculture and Agri-Food Canada investment in support of a resilient and innovative sector	April 2015	Ongoing	On track	Sub-Program 1.2.6 Pest Management: Pesticides Minor Use Program Sub-Program 1.2.7 Pest Management: Pesticides Risk Reduction Program Sub-Program 2.1.1 Science Supporting an Innovative and Sustainable Sector Sub-Program 2.1.2 Research Accelerating Innovation Sub-Program 2.1.3 Research, Development and Knowledge Transfer
Support investments in agricultural research to support discovery science and innovation in the sector	Ongoing	Ongoing	On track	Sub-Program 1.2.6 Pest Management: Pesticides Minor Use Program Sub-Program 1.2.7 Pest Management: Pesticides Risk Reduction Program Sub-Program 2.1.1 Science Supporting an Innovative and Sustainable Sector Sub-Program 2.1.2 Research Accelerating Innovation Sub-Program 2.1.3 Research, Development and Knowledge Transfer

Support science and innovation investments to enhance sector resiliency to a changing climate, and better address water and soil conservation and development issues	Ongoing	Ongoing	On track	Sub-Program 2.1.1 Science Supporting an Innovative and Sustainable Sector Sub-Program 2.1.2 Research Accelerating Innovation Sub-Program 2.1.3 Research, Development and Knowledge Transfer Sub-Program 2.1.7 Agricultural Greenhouse Gases Program
Continue to work with regulatory partners to create and maintain a modern regulatory environment that encourages and supports innovation	April 2014	Ongoing	On track	Sub-Program 1.2.7 Pest Management: Pesticides Risk Reduction Program Sub-Program 3.1.1 Management and Oversight Services

Progress Toward the Priority

The Department's knowledge creation and transfer activities enable innovation, which in turn enhances economic growth and sustainability of the Canadian agriculture, agri-food and agri-based products sector. They are consistent with, and help achieve the Minister's mandate to support the agricultural sector as a leader in job creation and innovation.

During 2015–16, Agriculture and Agri-Food Canada made progress in this area by:

- Continuing to implement the Department's science sector strategies and strategic objectives[xi] for its science and technology activities and to guide its investments to address Government of Canada commitments related to climate change and better address water and soil conservation and development issues;
- Renewing the $27 million Agricultural Greenhouse Gases Program[xii] as part of the Government of Canada's ongoing efforts to help the sector be innovative, competitive and sustainable by supporting research into greenhouse gas mitigation practices and technologies that can be adopted on the farm; and
- Collaborating with regulatory partners by leveraging the Department's scientific, economic, policy analysis and industry expertise to produce newer, more modern regulations, regulatory policies and guides that in turn support the sector to adopt newer, more effective products and processes.

As part of *Budget 2016*, the following were announced:

- $30 million over six years, to support advanced research in agricultural genomics. Investments in specialized scientific equipment and expertise will allow Agriculture and Agri-Food Canada to accelerate the DNA analysis and digital recording of the department's collection of over 17 million physical specimens of insects, plants, fungi, bacteria and nematodes. This will improve public accessibility to this collection and will support research in priority areas, including climate change

and the rapid identification and prevention of biological threats to agriculture.

- $37.6 million in federal infrastructure support to rehabilitate and modernize Departmental research stations and laboratories.

For this organizational priority, results achieved in 2015–16 will help the Minister to develop an approach for investments in agricultural science and research, informed by the review of federal support for fundamental science to be undertaken by the Minister of Science. This will allow for future investments in agricultural research to be well-positioned within Canada's broader research ecosystem.

Priority
Continue to improve program and service delivery

Description
Transformation supports improved and eased access to government services and programs.

Priority Type
Ongoing (as defined by Treasury Board of Canada Secretariat, committed to at least three fiscal years prior to the subject year of the report)

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Leverage information and technology capacity to improve business practices	April 2014	Ongoing	On track	All Programs 3.1 Internal Services

Progress Toward the Priority

- Since September 2015, the Department has presided over a federal-provincial-territorial Information Technology Working Group on business risk management information technology. This Group was established to review the business risk management information technology infrastructure of all delivery administrations. Best practices such as Agriculture and Agri-Food Canada's System Security Authorization process were shared and a common set of principles were established that will drive future large-scale business risk management system development priorities, including commitments to collaborate, implement digital e-services, support cost-effective program delivery and enhance transparency.
- The AgriInnovation Program's Enabling Commercialization and Adoption Stream[xiii], fully adopted an internal collaboration web-based tool to facilitate the technical review process and to exploit its ability to organize information and serve as the primary file management system.
- The adoption of processes, including the migration of documents, were completed in 2015–16.

Priority

Support and engage our workforce to meet current and future work objectives and opportunities in a manner that supports diversity and inclusiveness

Description

An adaptable, high-performing, engaged, and diverse workforce with the right skills supports the capacity to meet current and evolving business objectives of the Department.

Blueprint 2020 presents a vision of a high-performing Public Service that works collaboratively, makes use of new technologies, and seeks efficient and innovative approaches in its work.

Priority Type

Ongoing (as defined by Treasury Board of Canada Secretariat, committed to at least three fiscal years prior to the subject year of the report)

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Ensure excellence through talent and performance management including support for learning and professional development opportunities	Ongoing	Ongoing	On track	All Programs
Advance the Blueprint 2020 commitment to strengthen leadership and promote a culture of open communication, collaboration and continuous improvement	June 2013	Ongoing	On track	3.1 Internal Services
Address Public Service Employee Survey results	February 2015	March 2017	On track	All Programs

Progress Toward the Priority

- Agriculture and Agri-Food Canada continued to build core management capacity by maximizing participation in departmental and Canada School of Public Service management development programs and by exceeding our 90% participation rate on completion of performance and learning plans. New language training initiatives were also launched to support employees' second language development. Blueprint 2020 and Public Service Employee Survey initiatives were aligned and informed by regional management committees, employee networks, and corporate enabling functions. Leveraging employee engagement, reinforcing leaders' accountability for contributing to culture change and focused attention on key management areas all contributed to advancing the Blueprint 2020 modernization and transformation agenda.

- In support of modernizing government services to Canadians, Agriculture and Agri-Food Canada

continued to examine its guiding principles, practices and behaviours. To that end, the Department placed emphasis on leadership development at all levels and recognized that progress made on the Blueprint 2020 commitment has an impact on providing the best policy advice and services to the agriculture sector and Canadians.

- The Department also launched a "continuous process improvement facilitator training" program to build in-house capacity for regular review of processes. To date, over 40 continuous process improvement projects are currently underway in areas such as access to information and privacy and audit and evaluation reporting. In addition, numerous internal administrative processes have been adopted in support of the Common Human Resource Business Process and the Government of Canada's Transformation of Pay Administration Initiative.

- In line with the Blueprint 2020 commitment for continuous improvement, the Department helped to improve service for Canadians by streamlining processes using continuous process improvement methodologies. Examples include:
  - AgriInnovation Program[xiii] applications are now approved 58% more quickly; and
  - the consolidation of approvals has shortened the turnaround time for access to information and privacy requests by an average of 4 days.

- Agriculture and Agri-Food Canada refreshed its information management and information technology roadmap to ensure that the Department's information management and information technology infrastructure evolves with the changing needs of employees to provide services to the Canadian public and the agriculture and agri-food sector.

For more information on the organizational priorities, see the Minister's mandate letter[xiv].

Section II: Expenditure Overview

Actual Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
2,257,088,060	2,257,088,060	2,040,884,675	1,928,409,592	(328,678,468)

Total Authorities reflect *2015–16 Main Estimates* and a net total decrease of $216.2 million consisting of adjustments to statutory amounts to equal Actual Spending, Supplementary Estimates and allocations from central votes received during 2015–16, as well as other adjustments and amounts available from previous year, as reported in the *Public Accounts of Canada 2016*. Actual Spending is less than Planned Spending and Total Authorities mainly due to reduced requirements for statutory grants and contributions under Business Risk Management in 2015–16.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual[1]	2015–16 Difference (actual minus planned)[2]
4,700	4,513	(187)

[1] Full-Time Equivalents – Reflect only those Full-Time Equivalents funded through the Department's appropriated resources. In addition to the actual Full-Time Equivalents of 4,513, there were 13 Full-Time Equivalents employed by Agriculture and Agri-Food Canada for research funded through collaborative agreements with industry partners and 14 Full-Time Equivalents funded from other government departments. Also, an additional 554 Full-Time Equivalents were employed as students.

[2] Actual Full-Time Equivalents are lower than Planned primarily due to transfers to other government departments to consolidate and transform information technology infrastructure and pay functions across government.

Budgetary Performance Summary

Budgetary Performance Summary for Programs and Internal Services (dollars)

Programs and Internal Services	2015–16 Main Estimates[1]	2015–16 Planned Spending[2]	2016–17 Planned Spending[3]	2017–18 Planned Spending[3]	2015–16 Total Authorities Available for Use[4]	2015–16 Actual Spending (authorities used)[5]	2014–15 Actual Spending (authorities used)[5]	2013–14 Actual Spending (authorities used)[5]
Program 1.1 Business Risk Management	1,301,429,496	1,301,429,496	1,305,927,027	1,306,677,027	944,761,735	923,685,461	1,033,315,991	1,280,762,636
Program 1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems	194,586,263	194,586,263	171,704,257	171,722,122	228,786,707	198,590,662	163,511,328	*
Program 1.3 Farm Products Council of Canada	3,028,779	3,028,779	3,036,170	3,036,170	3,693,058	3,087,351	3,032,055	2,869,840
Program 2.1 Science, Innovation, Adoption and Sustainability	537,550,506	537,550,506	560,789,990	532,240,111	626,544,825	600,370,331	575,890,434	*
Program 2.2 Industry Capacity	70,990,651	70,990,651	73,027,026	66,159,040	73,536,346	50,436,622	76,204,095	*
Program 2.3 Canadian Pari-Mutuel Agency	0	0	0	347,000	9,606,261	(962,575)	(2,233,091)	(2,158,401)
Program 3.1 Internal Services	149,502,365	149,502,365	149,248,786	147,998,786	153,955,743	153,201,740	164,270,556	232,577,216
Funds not allocated to the 2015–16 Program Alignment Architecture	0	0	0	0	0	0	0	872,847,039
Total	2,257,088,060	2,257,088,060	2,263,733,256	2,228,180,256	2,040,884,675	1,928,409,592	2,013,991,368	2,386,898,330

For an explanation of the variances for the total Department spending, please refer to the Departmental Spending Trend subsection of this report.

* Due to significant changes in Agriculture and Agri-Food Canada's Program Alignment Architecture in 2014–15, expenditures for 2013–14 have not been provided according to the new Program Alignment Architecture. Refer to the respective fiscal year's Departmental Performance Reports for spending based on the previous Program Alignment Architecture.

[1] Main Estimates figures are as reported in the *2015–16 Main Estimates*.

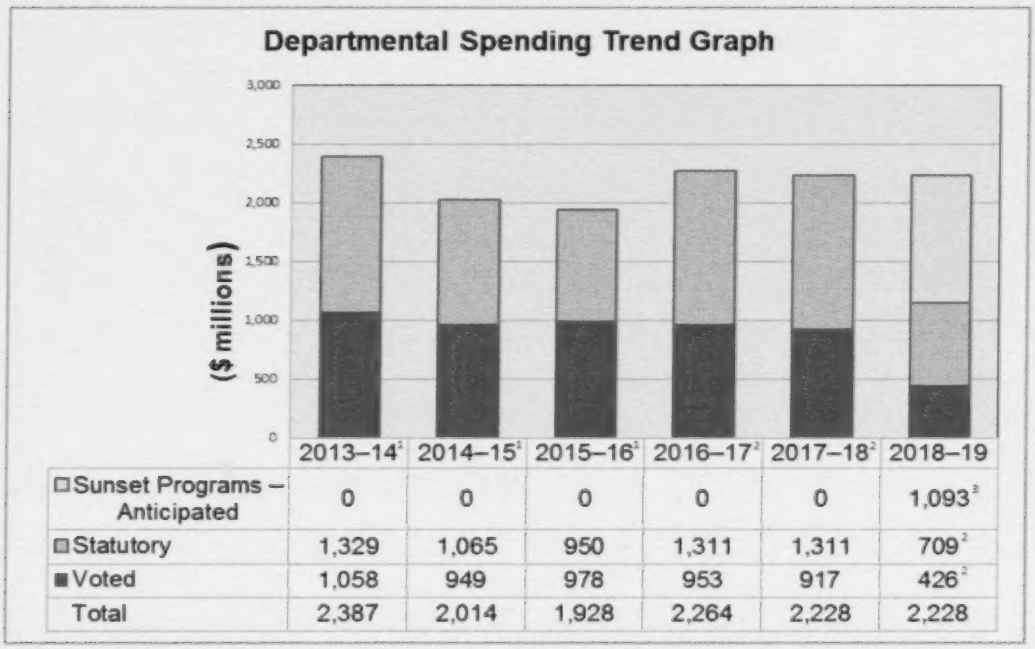
[2] Planned Spending figures are as reported in the *2015–16 Report on Plans and Priorities*. Planned Spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update.

[3] Planned Spending figures are as reported in the *2016–17 Report on Plans and Priorities*. Planned Spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It does not reflect funding announced in *Budget 2016*.

[4] Total Authorities reflect *2015–16 Main Estimates* and a net total decrease of $216.2 million consisting of adjustments to statutory amounts to equal Actual Spending, Supplementary Estimates and allocations from central votes received during 2015–16, as well as other adjustments and amounts available from previous year, as reported in the *Public Accounts of Canada 2016*.

[5] Actual Spending figures represent the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts. In certain cases, where authorized amounts are unspent, they can be reprofiled for use in future years.

Departmental Spending Trend



	2013–14[2]	2014–15[2]	2015–16[1]	2016–17[2]	2017–18[2]	2018–19
Sunset Programs – Anticipated	0	0	0	0	0	1,093[3]
Statutory	1,329	1,065	950	1,311	1,311	709[2]
Voted	1,058	949	978	953	917	426[2]
Total	2,387	2,014	1,928	2,264	2,228	2,228

Notes:

[1] Spending for 2013–14, 2014–15 and 2015–16 represents the actual expenditures incurred during the respective fiscal years, as reported in Public Accounts.

[2] Spending for 2016–17, 2017–18 and 2018–19 represents Planned Spending amounts as reported in the *2016–17 Report on Plans and Priorities* and does not reflect funding announced in *Budget 2016*.

[3] The funding amount for the successor of *Growing Forward 2* is not yet determined. The anticipated renewal amount shown in the spending trend graph is based on the current *Growing Forward 2* policy framework and is subject to change.

Over the period 2013–14 to 2018–19, spending varies from a low of $1.9 billion in 2015–16 to a high of $2.4 billion in 2013–14. Agriculture and Agri-Food Canada's programs and initiatives vary from year to year in response to changes affecting the agriculture, agri-food and agri-based products sector as outlined below.

The decrease in Actual Spending in 2014–15 from 2013–14 was mainly due to a reduced requirement for statutory grants and contributions under Business Risk Management including the *Agricultural Marketing Programs Act*[xv], the expiry of the AgriFlexibility program at the end of 2013–14, and savings realized from the organizational restructuring undertaken by the Government.

The decrease in Actual Spending in 2015–16 is primarily due to a further reduced requirement for statutory grants and contributions under Business Risk Management, mainly in the AgriStability program[xvi]. In addition, Actual Spending reflects $53.8 million of returned funding from the expired statutory contribution program: the Hog Industry Loan Loss Reserve program. These decreases were offset by a higher payment under the Canadian Wheat Board Transition Costs Program, as a lump sum payment was provided in order to settle obligations and complete the Program.

Planned Spending for 2016–17 and future years does not reflect funding announced in *Budget 2016*. The graph shows an increase compared to 2015–16 as it reflects the full statutory grants and contributions authorities for Business Risk Management programs, which will be spent according to demand. This increase is offset by a decrease related to the expiry of the Canadian Wheat Board Transition Costs Program at the end of 2015–16.

The decrease in Planned Spending from 2016–17 to 2017–18 is mainly due to the expiry of both the 2014 Federal Infrastructure Initiative and the current Churchill Port Utilisation Program at the end of 2016–17.

The reduction in planned statutory and voted spending from 2017–18 to 2018–19 reflects the fact that federal authorities will need to be renewed for the suite of statutory Business Risk Management programs and the current Non-Business Risk Management *Growing Forward 2*[vii] programs at the end of 2017–18. Agriculture and Agri-Food Canada, in consultation with provinces and territories, continues to develop a successor to the *Growing Forward 2* policy framework to position the industry to meet challenges ahead. The funding amount for the successor policy framework is not yet determined. The anticipated amount shown in the graph reflects the successor of *Growing Forward 2* based on the current policy framework and therefore, subject to change.

Expenditures by Vote

For information on Agriculture and Agri-Food Canada's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2016*[xvii].

Alignment of Spending with the Whole-of-Government Framework

Alignment of 2015–16 Actual Spending with the Whole-of-Government Framework[xviii] (dollars)

Program	Spending Area	Government of Canada Outcome	2015–16 Actual Spending
1.1 Business Risk Management	Economic Affairs	Strong Economic Growth	923,685,461
1.2 Market Access, Negotiations, Sector Competitiveness, and Assurance Systems	Economic Affairs	Strong Economic Growth	198,590,662
1.3 Farm Products Council of Canada	Economic Affairs	A Fair and Secure Marketplace	3,087,351
2.1 Science, Innovation, Adoption and Sustainability	Economic Affairs	An Innovative and Knowledge-based Economy	600,370,331
2.2 Industry Capacity	Economic Affairs	Strong Economic Growth	50,436,622
2.3 Canadian Pari-Mutuel Agency	Economic Affairs	A Fair and Secure Marketplace	(962,575)

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	2,107,585,695	1,775,207,852
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Note: Actual Spending by Spending Area does not include Actual Spending for Internal Services.

Financial Statements and Financial Statements Highlights

Financial Statements

The Department's consolidated financial statements and consolidated future-oriented statement of operations[xix] can be found on Agriculture and Agri-Food Canada's website.

Financial Statements Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of the Department's financial position and operations. More detailed information is provided in the Department's consolidated financial statements which are prepared using an accrual basis of accounting.

Condensed Consolidated Statement of Operations (unaudited)
For the Year Ended March 31, 2016 (dollars)

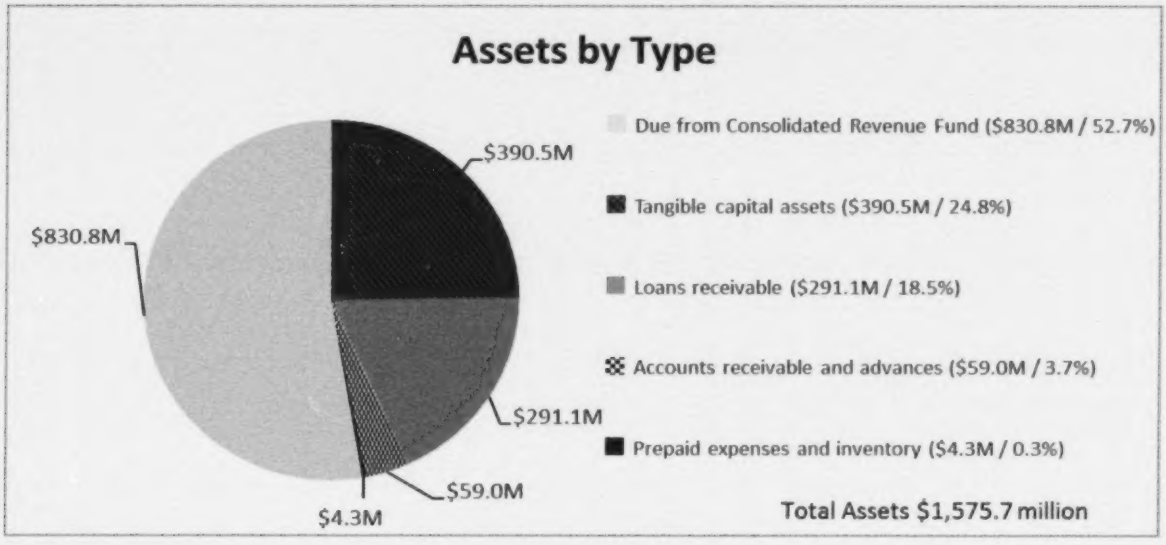
Financial Information	2015–16 Planned Results	2015–16 Actual	2014–15 Actual	Difference (2015–16 actual minus 2015–16 planned)	Difference (2015–16 actual minus 2014–15 actual)
Total expenses	2,389,481,000	2,065,700,000	2,114,999,000	(323,781,000)	(49,299,000)
Total revenues	62,584,000	70,464,000	68,980,000	7,880,000	1,484,000
Net cost of operations before government funding and transfers	2,326,897,000	1,995,236,000	2,046,019,000	(331,661,000)	(50,783,000)

Condensed Consolidated Statement of Financial Position (unaudited)
As at March 31, 2016 (dollars)

Financial Information	2015–16	2014–15	Difference (2015–16 minus 2014–15)
Total net liabilities	952,324,000	937,701,000	14,623,000
Total net financial assets	889,136,000	869,112,000	20,024,000
Departmental net debt	63,188,000	68,589,000	(5,401,000)
Total non-financial assets	394,742,000	373,626,000	21,116,000
Departmental net financial position	331,554,000	305,037,000	26,517,000

Assets

At the end of 2015–16, the Department held total gross financial assets of $1,180.9 million, consisting primarily of the asset due from Consolidated Revenue Fund which represents the net amount of cash that the Department is entitled to draw from the Consolidated Revenue Fund without further authorities to discharge its liabilities. Excluding financial assets held on behalf of government, total net financial assets at the end of 2015–16 were $889.1 million, an increase of $20.0 million from the previous year's net financial assets of $869.1 million. The change in total net financial assets is mainly due to an increase in the amounts due from the Consolidated Revenue Fund. The Department also held non-financial assets totalling $394.7 million.



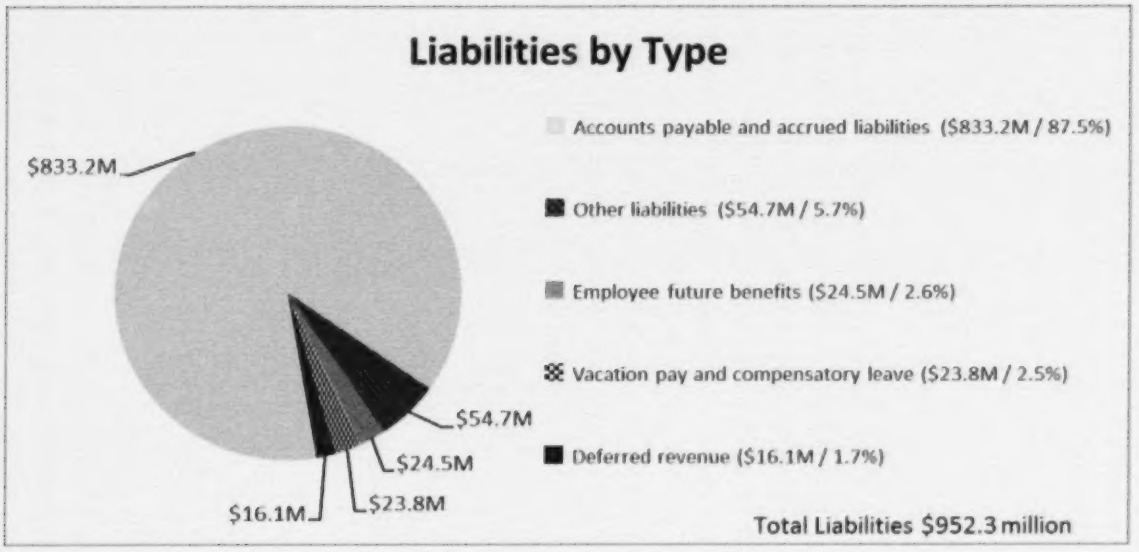
Note: Assets held on behalf of government are included in this chart.

Liabilities

Liabilities arising from departmental activities consisted primarily of accounts payable and accrued liabilities, the majority of which were related to accruals in support of programs such as AgriInsurance[xx] that were delivered in 2015–16. The Department does not hold any liabilities on behalf of government.

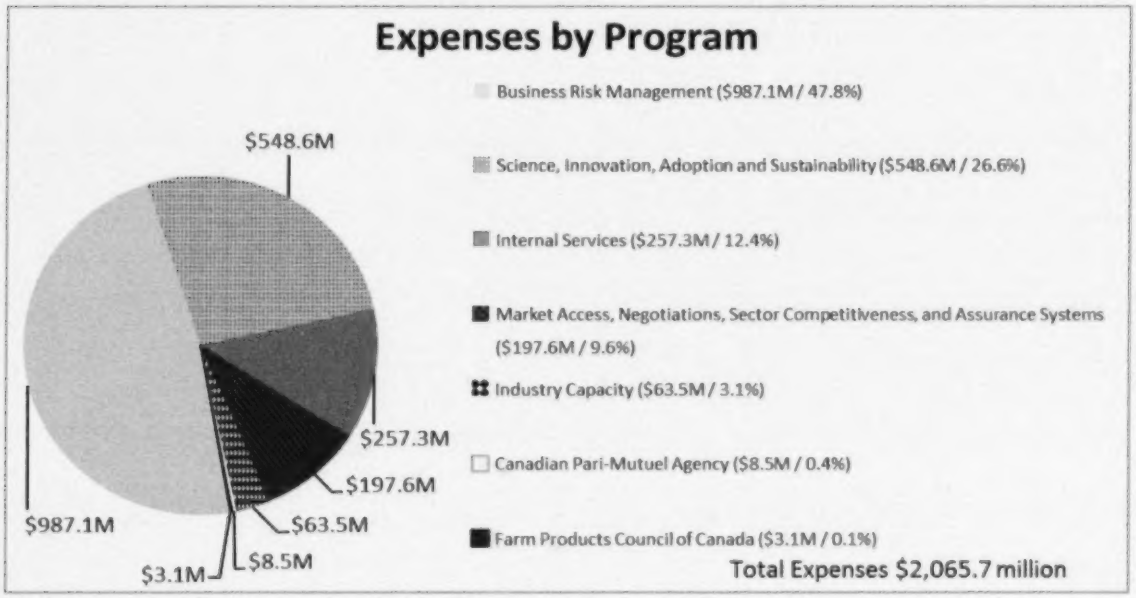
Total liabilities at the end of 2015–16 were $952.3 million, an increase of $14.6 million compared to the previous year's total liability of $937.7 million. The increase was primarily in the accounts payable and accrued liabilities category which is mainly composed of payments to external parties, including provincial governments.

The Departments accounts payable and accrued liabilities represent the largest portion of the overall liability at $833.2 million which is attributed to accruals in support of programs such as AgriInsurance.



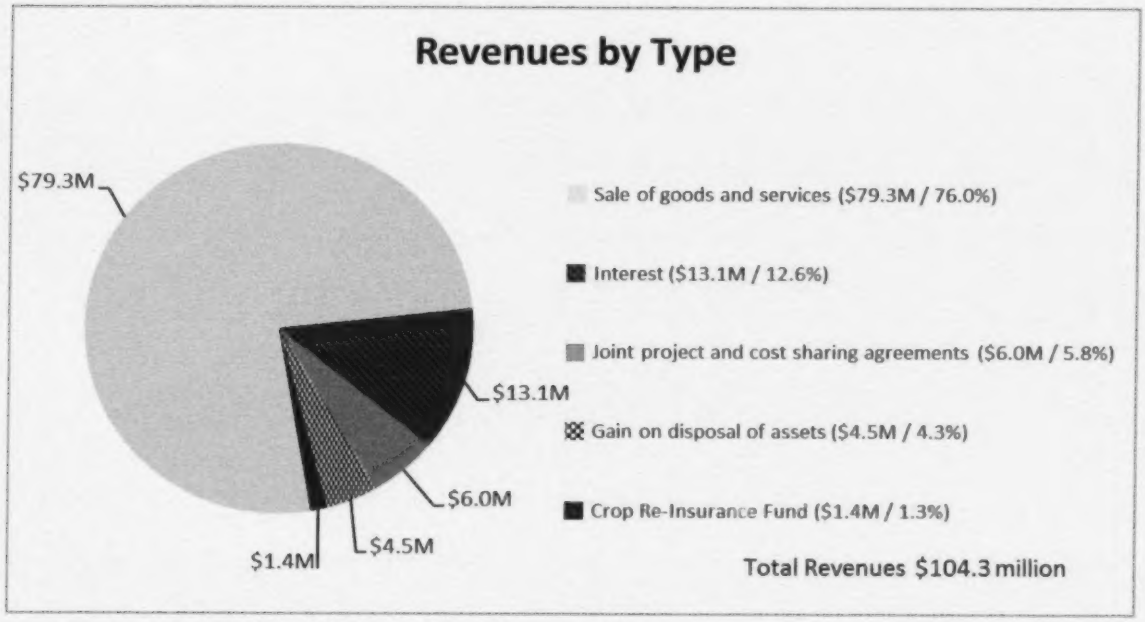
Expenses and Revenues

Expenses incurred and revenues earned, in support of Agriculture and Agri-Food Canada's programs and services that benefited Canadians during 2015–16, are detailed in the following charts.



Total expenses were $2,065.7 million in 2015–16, a decrease of $49.3 million from the previous year's total expenses of $2,115.0 million. This was primarily due to a decrease of $71.9 million in the Business Risk Management program with the largest decline occurring in the AgriStability program[xvi] as a direct result of positive market conditions. Secondly, a decrease in Industry Capacity of $14.9 million is primarily due to the divestiture of the Echo Lake water control structure of $11.8 million in 2014–15. These decreases are offset by an increase in Market Access, Negotiations, Sector Competitiveness, and Assurance Systems of $36.1 million, primarily comprised of the Canadian Wheat Board Transition Costs Program, which increased by $27.0 million in 2015–16.

Planned expenses for 2015–16 were $2,389.5 million compared to actual expenses of $2,065.7 million. Actual expenses were $323.8 million less than planned mainly due to reduction in the Business Risk Management program.



Note: Revenues earned on behalf of government are included in this chart.

Total revenues earned of $104.3 million in 2015–16 were primarily comprised of $79.3 million in sale of goods and services. Total revenue is presented net of revenues earned on behalf of government in the departmental consolidated financial statements. Total net revenues were $70.5 million in 2015–16 compared to $68.9 million in 2014–15, an increase of $1.6 million.

Section III: Analysis of Programs and Internal Services

Programs

Program 1.1: Business Risk Management

Description

Agriculture and Agri-Food Canada has a comprehensive suite of Business Risk Management programs to better equip producers with the tools and capacity to manage business risks. This suite provides support for income losses, a disaster relief framework and insurance to protect farmers against production losses due to uncontrollable natural hazards as well as research, development, implementation and administration of new agricultural risk management tools. In addition to the Business Risk Management suite, Agriculture and Agri-Food Canada provides producers with the ability to market their products when conditions and prices may be more favourable through loan guarantee programs.

Program Performance Analysis and Lessons Learned

Under the *Growing Forward 2*[vii] agricultural policy framework, the focus of Business Risk Management programs is to provide assistance in response to severe market volatility and disaster situations. In 2015–16, these programs continued to provide substantial assistance to the agriculture sector, bringing the total spending for these programs under *Growing Forward 2* to approximately $4 billion.

The Government of Canada continued to provide producers with three ongoing guarantee programs: the *Canadian Agricultural Loans Act* program[xxi], the Advance Payments Program[xxii], and the Price Pooling Program[xxiii].

The Department monitors the overall performance of these programs by comparing sector revenue, including Business Risk Management payments, to the five-year average. For 2013, the first year of measurement under *Growing Forward 2*, strong market returns resulted in producer revenues being 132% of the five-year average, far exceeding the target of 85%. High commodity prices have resulted in producers receiving high returns from the market. With these high market revenues, the total revenues including Business Risk Management program payments resulted in the indicator measure being beyond the five-year average and exceeding the target.

A 2015–16 national producer survey on Business Risk Management programs found that 72% of responders indicated that the suite of programs was moderately to greatly effective in addressing risk on their operations.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
1,301,429,496	1,301,429,496	944,761,735	923,685,461	(377,744,035)

Differences in financial resources are largely due to a reduced requirement for statutory grants and contributions as a result of less need for disaster response initiatives, a decline in participation in the AgriStability program, low prime lending rates, and a decline in the insurable prices for most of the major commodities insured. In addition, Actual Spending is net of $56.4 million related to a return of funding from statutory grant and contribution programs, of which $53.8 million relates to the Hog Industry Loan Loss Reserve program that have expired and are not included in the current Program Alignment Architecture sub-programs. Therefore, Actual Spending at the sub-program level does not add up to the program level spending for Business Risk Management.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
381	361	(20)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Producers' income losses are reduced	The current year producers' net market income plus Business Risk Management program payments as a percent of the previous five-year average	85 by March 31, 2016	132
Producers' income losses are reduced	Percentage of producers considering the Business Risk Management suite of programs as an effective tool to manage risks	70 by March 31, 2018	72
Producers' income losses are reduced	Percentage of producers who are satisfied with the delivery of Business Risk Management programs	70 by March 31, 2018	Indicator to be measured through producer surveys

Program 1.2: Market Access, Negotiations, Sector Competitiveness, and Assurance Systems

Description

Agriculture and Agri-Food Canada supports and equips industry for commercial success in order to maximize the sector's long-term profitability and competitiveness. In pursuing this objective and in close collaboration with the Canadian agriculture, agri-food and agri-based products sector, Agriculture and Agri-Food Canada ensures access to markets, facilitates industry-led activities aimed at developing international markets and assurance systems, and provides information to help position industry to capitalize on market opportunities both at home and abroad. Assurance systems include systems, standards and tools for food safety, biosecurity, traceability, surveillance, animal welfare, and other market attributes.

Program Performance Analysis and Lessons Learned

The value of Canadian agriculture, agri-food and seafood exports increased in 2015 by 9.1% from 2014 levels to a record $61.6 billion, surpassing the target established for 2017. Increases in the export value of pulses (31.8%), fish and seafood (21.3%), and beef (15.4%) contributed to the overall growth and helped offset decreases in canola seed (-3.7%) and pork (-7.5%). An increase of both the volume of agriculture and agri-food exports and world commodity prices, and a lower value of the Canadian dollar, resulted in the target of $50.3 billion by December 31, 2017 being exceeded.

Agriculture and Agri-Food Canada contributed to improved trade and market access by advancing several bilateral and multilateral trade agreements, advocating for transparent and science-based trade rules, and achieving progress on numerous market-access issues. These activities resulted in expanding and gaining market access for a variety of products (for example, pork to India, fresh blueberries to China and South Korea), and progress on the development of pragmatic approaches to the management of low-level presence situations.

At the same time, the Department continued to cultivate partnerships with the provinces and territories to help Canadian producers, companies and industry organizations make informed business decisions.

The Department engaged the sector on trade and regulatory matters and provided information and expertise that supported sectoral development activities aimed at improving competitiveness. For example, research and analysis was undertaken to better understand how the food processing industry's structure and performance are affecting its competitiveness. In addition, after identifying what programming support is currently available, the Department worked with industry and federal-provincial-territorial government stakeholders to begin the development of strategies and actions for moving the food processing industry forward.

To ensure that the impacts of regulatory changes are understood and do not unduly affect the competitiveness of the sector, the Department provided analysis and advice to the regulatory bodies (for example, Canadian Food Inspection Agency, Health Canada). The Department also provided market information, analysis and intelligence to stakeholders to enable better decision making.

Work was also undertaken to support the development of national assurance systems through funding initiatives. Agreements were finalized for 13 projects in the reporting period. The Department also supported industry-led market development activities through 21 funding agreements with key national industry associations and 27 with several small- and medium-sized enterprises.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
194,586,263	194,586,263	228,786,707	198,590,662	4,004,399

Actual Spending was higher than Planned Spending primarily due to funding received during 2015–16 through Supplementary Estimates to make a lump sum payment as settlement of obligations and completion of the Canadian Wheat Board Transition Costs Program. While provincial and territorial spending in the third year of *Growing Forward 2* increased as the majority of new programs have been rolled out and continue to come online, program uptake has varied across programs resulting in underspending in some areas and overspending in others. In addition, Actual Spending is net of $205,473 related to a return of funding from a statutory grant for the Canadian Cattlemen's Association Legacy Fund that has expired and is not included in the current Program Alignment Architecture sub-programs. Therefore, Actual Spending at the sub-program level does not add up to the program level spending for Market Access, Negotiations, Sector Competitiveness, and Assurance Systems.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
386	396	10

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadian agriculture and agri-food sector is responsive to market opportunities and risks	Growth in total exports of agriculture and agri-food, including seafood (billions of dollars)	$50.3 billion by December 31, 2017	$61.6 billion in 2015; an 9.1% increase from 2014

Program 1.3: Farm Products Council of Canada

Description

Established under the *Farm Products Agencies Act*, the Farm Products Council of Canada is an oversight body that reports to Parliament through the Minister of Agriculture and Agri-Food (the Minister). The *Farm Products Agencies Act* provides for the creation of national marketing agencies, which are not subject to the *Competition Act*, as well as promotion and research agencies. The Farm Products Council of Canada supervises these agencies, and works with them to ensure that the supply management system for poultry and eggs and promotion-research activities for beef cattle work in the balanced interest of all stakeholders, from producers to consumers, and can evolve to respond to current and future challenges. The Farm Products Council of Canada also provides advice and recommendations to the Minister, collaborates with provincial supervisory boards and actively works with the Department and Agriculture and Agri-Food Portfolio organizations.

Program Performance Analysis and Lessons Learned

The Farm Products Council of Canada[v] (the Council) continued to work with and oversee the following agencies established under the *Farm Products Agencies Act*[xxiv]: Canada Beef, Canadian Hatching Egg Producers, Chicken Farmers of Canada, Egg Farmers of Canada, and Turkey Farmers of Canada. The Council also inquired into the merits of establishing a promotion and research agency, as submitted by the Canadian Pork Council. The next steps for the Council will be to submit its recommendations to the Minister.

Following the establishment of its *Strategic Plan 2015-2018*, the Farm Products Council of Canada focused its efforts on ensuring that marketing, promotion and research systems are transparent, have the flexibility needed to respond to current and future challenges, and are managed in a manner that can withstand public scrutiny. The Council fostered a dialogue with stakeholders to promote a better understanding of partners' roles and responsibilities within the systems. They also provided information on promotion and research agencies as a tool for commodity groups to take ownership of their research priorities and to promote their products. Council members met with several commodity group representatives to guide their efforts in establishing promotion and research agencies. The Council also strived to engage provincial supervisory boards in maintaining and promoting an efficient and competitive system. Finally, the Council continued to work towards improving communications with stakeholders and developing its internal expertise.

As per paragraph 7.(1)(f) of the *Farm Products Agencies Act,* the Council received four complaints from supply managed stakeholders. All complaints were processed and dealt with according to *Council Interim Complaint Guidelines*[xxv].

During the reporting period, producers in the supply-managed sectors of poultry and egg industries maintained their relative domestic market shares above the 80% threshold. The

domestic market shares for turkey and eggs increased by 0.1 and 0.6 respectively. As for chicken and hatching eggs, these industries saw their relative market shares decrease by 1.0 and 0.4 respectively compared to last year. The Consumer Price Index rose by 4.6% for chicken, by 1.5% for eggs, and by 0.6% for turkey. With the exception of chicken (which remains within the targeted +/- 10 percentage points target range), all these variations were smaller than that of the food Consumer Price Index in general (3.7%). If compared with other fresh or frozen meat (Pork: 5.3%, Beef: 15.1%), all supply managed commodities show less variations. When compared with their respective four-year average (2.9%, 3.1% and 2.4%), only chicken was shown to have a higher increase than its four year average.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
3,028,779	3,028,779	3,693,058	3,087,351	58,572

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
24	25	1

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
The domestic market shares of Canadian producers of chicken, eggs, hatching eggs and turkey are stable or increasing	The percentage of the domestic chicken market supplied by Canadian producers of chicken	80 by March 31, 2016	83.9
The domestic market shares of Canadian producers of chicken, eggs, hatching eggs and turkey are stable or increasing	The percentage of the domestic egg market supplied by Canadian producers of eggs	80 by March 31, 2016	86.9
The domestic market shares of Canadian producers of chicken, eggs, hatching eggs and turkey are stable or increasing	The percentage of the domestic hatching eggs market supplied by Canadian producers of hatching eggs	80 by March 31, 2016	85.2
The domestic market shares of Canadian producers of chicken, eggs, hatching eggs and turkey are stable or increasing	The percentage of the domestic turkey market supplied by Canadian producers of turkey	80 by March 31, 2016	96.7

Consumer price variations for chicken, eggs and turkey are more stable than those of other competing meats	The year-over-year consumer price variation for chicken is within plus or minus 5 percentage points of the year-over-year consumer price variation for other fresh or frozen meats	5 by March 31, 2016	4.6 (Pork: 5.3%, Beef: 15.1%)
Consumer price variations for chicken, eggs and turkey are more stable than those of other competing meats	The year-over-year consumer price variation for eggs is within plus or minus 5 percentage points of the year-over-year consumer price variation for other fresh or frozen meats	5 by March 31, 2016	1.5 (Pork: 5.3%, Beef: 15.1%)
Consumer price variations for chicken, eggs and turkey are more stable than those of other competing meats	The year-over-year consumer price variation for turkey is within plus or minus 5 percentage points of the year-over-year consumer price variation for other fresh or frozen meats	5 by March 31, 2016	0.6 (Pork: 5.3%, Beef: 15.1%)
Consumer price variations for chicken, eggs and turkey are consistent with those of food in general	The year-over-year consumer price variation for chicken is within plus or minus 10 percentage points of the year-over-year consumer price variation for food in general	10 by March 31, 2016	4.6 (All foods: 3.7%)
Consumer price variations for chicken, eggs and turkey are consistent with those of food in general	The year-over-year consumer price variation for eggs is within plus or minus 10 percentage points of the year-over-year consumer price variation for food in general	10 by March 31, 2016	1.5 (All foods: 3.7%)
Consumer price variations for chicken, eggs and turkey are consistent with those of food in general	The year-over-year consumer price variation for turkey is within plus or minus 10 percentage points of the year-over-year consumer price variation for food in general	10 by March 31, 2016	0.6 (All foods: 3.7%)

Program 2.1: Science, Innovation, Adoption, and Sustainability

Description

Agriculture and Agri-Food Canada contributes to innovation and sustainability of the agriculture, agri-food and agri-based products sector through science and associated activities designed to improve profitability in new and existing products, services, processes and markets. Agriculture and Agri-Food Canada provides research, development and knowledge transfer that enhances the sector's resiliency, fosters new areas of opportunity for the sector and supports sector competitiveness as well as coordinated and informed decision making. Agriculture and Agri-Food Canada promotes integrated planning, engaging industry, government and academia, and collaborative action to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research help to define future sustainable opportunities and prepare the sector for emerging opportunities and challenges.

Program Performance Analysis and Lessons Learned

The direction provided by the Department's science sector strategies and strategic objectives[xi] position it to deliver on organizational priorities and the opportunities and challenges faced by the sector. The Department continued to advance its strategic direction either through leading or as a collaborator in 653 active research and development projects many, in collaboration with the University of Saskatchewan. Departmental scientists at the Saskatoon Research and Development Centre discovered that when wheat was grown on land that had lentils grown on it the previous year, nitrogen uptake increased by 14% and the yield increased by 49% compared to when wheat was grown on land that had wheat grown on it the previous year. This research will help farmers more accurately choose nitrogen fertilizer application rates that are both economically and environmentally optimal for wheat grown after pulses.

Fundamental research continued to be translated into commercialized technologies, beneficial management practices, and knowledge products for the sector via the *Growing Forward 2*[vii] AgriInnovation Program[xiii] as well as government contribution funding under innovation programming. In 2015–16, 14 Agri-Science Clusters and 96 Agri-Science Projects were active with 30 projects approved under the AgriInnovation Program's Enabling Commercialization and Adoption Stream[xiii]. Applications to these two streams continued to be received from a broad range of sectors, including food processing, bioproducts, agri-technology, dairy, and beef.

Agriculture and Agri-Food Canada researchers continued to collaborate in industry-led science activities through *Growing Forward 2*'s Agri-Science Project and Agri-Science Clusters initiatives. For example, funding is provided to the Canadian Cattlemen's Association to

coordinate the beef Agri-Science Cluster that brings together scientific expertise, including from Agriculture and Agri-Food Canada, for research in key areas: improving beef quality and food safety; animal health and welfare (including detection and prevention of animal disease); feed production and efficiency; as well as environmental sustainability. Regarding environmental sustainability, this Cluster is documenting the impact of improvements in the efficiency of Canadian beef production over the past 30 years on the environmental footprint of beef by comparing the years 1981 to 2011. Currently, researchers are examining the impacts of beef production on greenhouse gas emission intensity and analyzing the amount of natural resources consumed in the production, processing and transport of cattle and beef. Preliminary results indicate that the greenhouse gas footprint per kilogram of beef produced is getting smaller, due in part to enhanced production and feed efficiencies, crop yields and management practices.

Through the AgriInnovation Program's Enabling Commercialization and Adoption Stream, Agriculture and Agri-Food Canada is helping agricultural innovations move to the market. For example, a start-up food processor in Ontario received a repayable contribution to help commercialize a range of new-to-market "nutrient dense" products such as muffins, vitamins, snack bars and confectionery treats. In response to growing consumer demand for healthier food options, a process was developed that maintains all the nutrients and micro-nutrients of the original volume of inputs used in the creation of their products.

Towards the end of 2015–16, Agriculture and Agri-Food Canada announced that the Agricultural Greenhouse Gases Program[xii], which supports research into greenhouse gas mitigation practices and technologies that can be adopted on the farm, will continue for an additional five years until March 2021.

The Department continued to improve its performance and prepare for the next agricultural policy framework. For example, a process evaluation was conducted on the AgriInnovation Program's Industry-led Research and Development Stream[xiii] delivery process and as a result the recommendations were implemented to improve communications with clients and reduce application approval times.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
537,550,506	537,550,506	626,544,825	600,370,331	62,819,825

Actual Spending was more than Planned Spending primarily due to amounts carried forward from 2014-15 and funding received during 2015–16 through Supplementary Estimates for the Federal Infrastructure Initiative. While provincial and territorial spending in the third year of *Growing Forward 2* increased as the majority of new programs have been rolled out and continue to come online, program uptake has varied across programs resulting in underspending in some areas and overspending in others.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
2,294	2,439	145

Actual Full-Time Equivalents were higher than Planned primarily due to a realignment among programs subsequent to the production of the *2015–16 Report on Plans and Priorities*.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Agriculture and agri-food sector that utilizes science to improve agriculture's efficiency, increase availability of new products and contribute to the Canadian economy	Agriculture Net value-added (billions of dollars) The agriculture value-added account is designed to provide an annual measure of the value of income generated from the production of agricultural goods and services. The numbers are used to assess the state of the agricultural industry and to form the basis of various policy options	12.3 by March 31, 2018	17.4 for 2015

Program 2.2: Industry Capacity

Description

This program builds capacity of the sector and businesses to sustainably succeed in a market-driven and competitive world. The program encourages the use of sound business management practices, while also enabling businesses in the sector to understand their financial situation, be profitable and invest where needed. It provides for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition. The program also supports the sector and its businesses to improve access to key infrastructure.

Program Performance Analysis and Lessons Learned

Agriculture and Agri-Food Canada continued to encourage sound business management practices and help participating farmers and agri-businesses better understand their financial situations, be profitable and invest where needed. For example, through Fostering Business Development[xxvi] and the Farm Debt Mediation Service[xxvii], the Industry Capacity program helped

enhance participants' financial management skills (source: Statistics Canada, Farm Financial Survey 2013 and Agriculture and Agri-Food Canada calculations).

In addition, the Department helped the agricultural sector create 65 career-related work internships through the Career Focus Program[xxviii], which is part of Sub-Program 2.2.2 Fostering Business Development.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
70,990,651	70,990,651	73,536,346	50,436,622	(20,554,029)

While provincial and territorial spending in the third year of *Growing Forward 2* increased as the majority of new programs have been rolled out and continue to come online, program uptake has varied across programs resulting in underspending in some areas and overspending in others. In addition, Actual Spending was less than Planned Spending due to low uptake in the Canadian Agricultural Adaptation Program and limited grain supply and overall lower demand within the global grain market affecting spending under the Churchill Port Utilisation Program.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
210	203	(7)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
The sector is increasing its ability to be resilient and self-sustaining	Maintain and/or increase the percentage of farms with high free cash flow	55 by March 31, 2028	58

Program 2.3: Canadian Pari-Mutuel Agency

Description

Section 204 of the *Criminal Code of Canada* designates the Minister of Agriculture and Agri-Food as the individual responsible for making the regulations that direct the lawful conduct of pari-mutuel betting in Canada on horse racing. The Canadian Pari-Mutuel Agency is a special operating agency within Agriculture and Agri-Food Canada that approves and supervises pari-mutuel betting conducted at racetracks and betting theatres across Canada, with the objective of ensuring that betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the Canadian Pari-Mutuel Agency are recovered through a levy

on every dollar bet in Canada on horse races. The levy is currently set at eight-tenths of a cent of every dollar bet. Canadian Pari-Mutuel Agency's strategic plans are focused on regulating and supervising pari-mutuel betting on horse races in the most modern, effective and transparent manner.

Program Performance Analysis and Lessons Learned

The Canadian Pari-Mutuel Agency[vi] helped ensure pari-mutuel betting activities conducted at racetracks and betting theatres across Canada complied with the *Pari-Mutuel Betting Supervision Regulations*[xxix] and policies.

The Agency issued 40 betting permits in 2015, and oversaw the conduct of pari-mutuel betting at racetracks and betting theatres, located across the country. As well, the Canadian Pari-Mutuel Agency collected and analysed 28,147 equine samples through the Equine Drug Control Program, to ensure that race outcomes were not influenced by the inappropriate administration of drugs or medications to race horses.

The federal levy on pari-mutuel betting of approximately $10.3 million for 2015–16 supported the Canadian Pari-Mutuel Agency's operating budget.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending/ Revenue	2015–16 Total Authorities Available for Use	2015–16 Actual Spending / Revenue (authorities used)	2015–16 Difference (actual minus planned)
Gross Spending	9,380,000	9,380,000	18,986,261	9,353,980	(26,020)
Less: Respendable Revenue	9,380,000	9,380,000	9,380,000	10,316,555	936,555
Net Spending	0	0	9,606,261	(962,575)	(962,575)

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
35	33	(2)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public	Percentage of compliance with the *Pari-Mutuel Betting Supervision Regulations* of Canadian racetracks and betting theatres inspected by Canadian Pari-Mutuel Agency officers	100 by March 31, 2016	100

Internal Services

Description

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal Services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Program Performance Analysis and Lessons Learned

Leverage information and technology capacity to improve business practices

The Department advanced the modernization of information management and information technology service delivery, through the development of innovative solutions for science and other program areas, such as: managing large volumes of critical research publications; securing information and applications through mandatory compliance practices; and replacing older technologies with state-of-the-art products. The Department also continued work towards meeting the objectives and timelines of the Government of Canada information and technology priorities.

During the reporting period, Agriculture and Agri-Food Canada integrated additional Non-Business Risk Management programs into the Department's Grants and Contributions Delivery System. The Department continued to consolidate and redirect a number of client toll-free lines onto the Winnipeg Call Centre resulting in clients having a single point of contact for program inquiries.

The Department expanded its client feedback tools to more programs so clients were given the opportunity to provide ideas to improve the quality of their interactions and program delivery.

For example, it mapped client's interactions with the AgriStability program[xvi] and identified the need for more targeted program communications and expanded online service offerings. These activities will be the focus for service improvements. In addition, Agriculture and Agri-Food Canada introduced a mechanism for clients to provide immediate feedback through an online survey on the quality of the submission process to the Career Focus Program[xxviii].

Ensure excellence through talent and performance management

In accordance with the new Directive on Performance Management, 92.7% of the Department's employees established performance agreements and 91.1% initiated learning plans for 2015–16. Completion of mid-year reviews and year-end assessments also met the departmental goal of 90% participation.

Advance the Blueprint 2020 commitment

Based on input from employees, Agriculture and Agri-Food Canada developed a roadmap capturing the actions required to support leadership at all levels. Key results supporting leadership for the reporting period included:

- over 500 employees across the country participated in "Leadership – Continuing the Conversation" sessions;
- seven peer-learning workshops called "Learning and Leading Together" gave employees a forum to discuss leadership tips and techniques; and
- a Blueprint 2020 Resolution initiative encouraged employees to identify and modify personal leadership behaviours.

The Department has benefitted from streamlining processes using continuous process improvement methodologies, leading to better service for Canadians. Examples include:

- AgriInnovation Program [xiii] applications are now approved 58% more quickly;
- the consolidation of approvals has shortened the turnaround time for access to information and privacy requests by an average of 4 days; and
- the introduction of electronic bill payment services (internet banking) will reduce processing time by 71%.

The Department's continuous process improvement efforts are supported by 29 employees who have been trained through the Continuous Process Improvement Facilitator Training Program. The Program accepts new applicants on an annual basis to continue to build in-house capacity of facilitators who assist with continuous process improvement initiatives.

The Department has also used collaborative technologies to enable open communication and better information flow. To this end, agendas and records of discussions of executive committee meetings are shared with employees. The departmental Blueprint 2020 Champion started a blog to encourage ongoing dialogue on topics such as diversity, inclusiveness and leadership.

Agriculture and Agri-Food Canada has been a contributing member of the Blueprint 2020 Champions Network; participated in the Innovation Fair; and sponsored a member of the Department's Young Professionals Network in the National Blueprint Secretariat within the Privy Council Office.

Accelerated Infrastructure

Projects under the Federal Infrastructure I, 2014 and Federal Infrastructure II, 2016 invest in modernization and repair of federal infrastructure. The funding that Agriculture and Agri-Food Canada received under these programs was for major repairs and upgrading of federal infrastructure and research facilities. Agriculture and Agri-Food Canada obtained $47.5 million total for Infrastructure I, 2014 for years 2015–16 and 2016–17, for 15 projects and three improvement programs. The majority of the projects are scheduled to be completed by March 31, 2017. Additionally, Agriculture and Agri-Food Canada received $40.3 million for 14 projects and contaminated sites under Federal Infrastructure II, 2016 for 2016–17 and 2017–18. These projects are scheduled to be completed by March 31, 2018.

The process for project selection and governance has been streamlined allowing planning, design and procurement to begin more quickly.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
149,502,365	149,502,365	153,955,743	153,201,740	3,699,375

Actual Spending was more than Planned Spending primarily due to amounts carried forward from 2014-15, a realignment among programs and funding received during 2015–16 through Supplementary Estimates for the Federal Infrastructure Initiative. In comparison with 2014–15, Actual Spending in the Internal Services program has actually decreased by 7%.

Human Resources (Full-Time Equivalents)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
1,370	1,056	(314)

Actual Full-Time Equivalents were lower than Planned primarily due to transfers to other government departments to consolidate and transform information technology infrastructure and pay functions across government. As well, it also reflects a realignment among programs subsequent to the production of the *2015–16 Report on Plans and Priorities*.

Section IV: Supplementary Information

Supporting Information on Lower-Level Programs

Supporting information on lower-level programs[xxx] is available on the Agriculture and Agri-Food Canada's website.

Supplementary Information Tables

The following supplementary information tables[xxxi] are available on the Agriculture and Agri-Food Canada's website.

- Departmental Sustainable Development Strategy
- Details on Transfer Payment Programs of $5 Million or More
- Horizontal Initiatives
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Up-Front Multi-Year Funding
- User Fees, Regulatory Charges and External Fees

Federal Tax Expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Report on Federal Tax Expenditures[xxxii]. This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational Contact Information

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*Rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*)**:** A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*)**:** What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities and Departmental Performance Reports , planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their Reports on Plans and Priorities and Departmental Performance Reports.

plans (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*)**:** Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*)**:** A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*Architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*Rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

[i] *Department of Agriculture and Agri-Food Act* (R.S.C. 1985, c. A-9)
http://lois-laws.justice.gc.ca/eng/acts/A-9/

[ii] Acts
http://www.agr.gc.ca/eng/about-us/acts-and-regulations/?id=1180107359564

[iii] *Canadian Agricultural Loans Act*
http://laws-lois.justice.gc.ca/eng/acts/f-2.7/index.html

[iv] Portfolio partners and agencies
http://www.agr.gc.ca/eng/about-us/partners-and-agencies/?id=1360701203481

[v] Farm Products Council of Canada
http://www.fpcc-cpac.gc.ca/

[vi] Canadian Pari-Mutuel Agency
http://www.agr.gc.ca/eng/about-us/partners-and-agencies/canadian-pari-mutuel-agency/?id=1204043533186

[vii] *Growing Forward 2*
www.agr.gc.ca/growingforward2

[viii] Minor Use Pesticides Program
http://www.agr.gc.ca/eng/?id=1286197216280

[ix] Minor uses of pesticides
http://www.agr.gc.ca/eng/?id=1289312847401

[x] *Canada Transportation Act* Review Report
http://www.tc.gc.ca/eng/ctareview2014/canada-transportation-act-review.html

[xi] Science sector strategies and strategic objectives
http://www.agr.gc.ca/eng/about-us/planning-and-reporting/overview-of-science-and-technology-branch-sector-science-strategies/?id=1405554689843

[xii] Agricultural Greenhouse Gases Program
http://www.agr.gc.ca/eng/?id=1331047113009

[xiii] AgriInnovation Program
http://www.agr.gc.ca/eng/?id=1354301302625

[xiv] Minister's mandate letter
http://pm.gc.ca/eng/node/39961

[xv] *Agricultural Marketing Programs Act*
http://laws.justice.gc.ca/eng/acts/A-3.7/

[xvi] AgriStability
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